

EXHIBIT B
AMBULANCE REVENUE AND COST REPORT
FIRE DISTRICT and SMALL RURAL COMPANY

Arizona Department of Health Services
Annual Ambulance Financial Report

Picture Rocks Fire District

Reporting Ambulance Service

Report Fiscal Year

From: 07/01/2012 To: 06/30/2013

Mo. Day Year

Mo. Day Year

CERTIFICATION

I hereby verify that I have directed the preparation of the enclosed annual report in accordance with the reporting requirements of the State of Arizona.

I have read this report and hereby verify that the information provided is true and correct to the best of my knowledge.

This report has been prepared using the accrual basis of accounting.

Authorized Signature:  Date: 3/11/14

Print Name and Title: Brett Lane, Fire Chief

Mail to:

Arizona Department of Health Services
Bureau of Emergency Medical Services
Ambulance and Regional Services
150 North 18th Avenue, Suite 540
Phoenix, AZ 85007
Telephone: (602) 364-3150
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AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: Picture Rocks Fire District

FOR THE PERIOD FROM: 07/01/2012 TO: 06/30/2013

STATISTICAL SUPPORT DATA

Line No.	DESCRIPTION	(1) SUBSCRIPTION SERVICE TRANSPORTS	*(2) TRANSPORTS UNDER CONTRACT	(3) TRANSPORTS NOT UNDER CONTRACT	(4) TOTALS
01	Number of ALS Billable Transports:			596	596
02	Number of BLS Billable Transports :			13	13
03	Number of Loaded Billable Miles :			7678	7678
04	Waiting Time (Hr. & Min.):				
05	Canceled (Non-Billable) Runs:			15	15

AMBULANCE SERVICE ROUTINE OPERATING REVENUE

06	ALS Base Rate Revenue	\$ 791,519
07	BLS Base Rate Revenue	16,649
08	Mileage Charge Revenue	174,713
09	Waiting Charge Revenue	
10	Medical Supplies Charge Revenue	
11	Nurses Charge Revenue	
12	Standby Charge Revenue (Attach Schedule)	
13	TOTAL AMBULANCE SERVICE ROUTINE OPERATING REVENUE	\$ 982,881

SALARY AND WAGE EXPENSE DETAIL

GROSS WAGES:

		**No. of F.T.E.s
14	Management	\$ 185,738 2.8
15	Paramedics and IEMTs	\$ 502,427 5.6
16	Emergency Medical Technician (EMT)	\$ 235,594 6.3
17	Other Personnel	\$ 6,825
18	Payroll Taxes and Fringe Benefits - All Personnel	\$ 437,459

*This column reports only those runs where a contracted discount rate was applied.

**Full-time equivalents (F.T.E.) Is the sum of all hours for which employees wages were paid during the year divided by 2080.

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AMBULANCE REVENUE AND COST REPORT

AMBULANCE SERVICE ENTITY: Picture Rocks Fire District

FOR THE PERIOD FROM: 07/01/2012 TO: 06/30/2013

SCHEDULE OF REVENUES AND EXPENSES

Line No.	DESCRIPTION	FROM	
Operating Revenues:			
01	Total Ambulance Service Operating Revenue	Page 2, Line 13	\$ <u>982,881</u>
Settlement Amounts:			
02	AHCCCS		(<u>67,601</u>)
03	Medicare		(<u>205,410</u>)
04	Subscription Service		(<u> </u>)
05	Contractual		(<u> </u>)
06	Other		(<u> </u>)
07	Total (Sum of Lines 02 through 06)		(<u>273,011</u>)
08	Total Operating Revenue (Line 01 minus Line 07)		\$ <u>709,870</u>
Operating Expenses:			
09	Bad Debt.		\$ <u>127,774</u>
10	Total Salaries, Wages, and Employee-Related Expenses		<u>1,368,043</u>
11	Professional Services		<u>6,706</u>
12	Travel and Entertainment		<u>250</u>
13	Other General Administrative		<u>2,200</u>
14	Depreciation.		<u> </u>
15	Rent/Leasing		<u> </u>
16	Building/Station		<u>29,020</u>
17	Vehicle Expense		<u>10,600</u>
18	Other Operating Expense		<u>63,455</u>
19	Cost of Medical Supplies Charged to Patients		<u> </u>
20	Interest		<u> </u>
21	Subscription Service Sales Expense		<u> </u>
22	Total Operating Expense (Sum of Lines 09 through 21)		<u>1,608,048</u>
23	Total Operating Income or Loss (Line 08 minus Line 22).		\$ <u>(898,178)</u>
24	Subscription Contract Sales		<u> </u>
25	Other Operating Revenue		<u> </u>
26	Local Supportive Funding		<u> </u>
27	Other Non-Operating Income (Attach Schedule).		<u> </u>
28	Other Non-Operating Expense (Attach Schedule).		<u> </u>
29	NET INCOME/(LOSS) (Line 23 plus Sum of Lines 24 through 28).		\$ <u>(898,178)</u>

**PICTURE ROCKS FIRE DISTRICT
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

10120 N. Oracle Road
Tucson, Arizona 85704
Tel (520) 742-2611
Fax (520) 742-2718

INDEPENDENT AUDITOR'S REPORT

Governing Board
Picture Rocks Fire District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Picture Rocks Fire District (Fire District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fire District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinions

The Fire District did not maintain sufficient internal controls or adequate records of its ambulance service accounts receivable and related revenues reported in the Governmental Activities and General Fund. Accordingly, we were unable to perform procedures sufficient to achieve the audit objectives for these accounts.

Qualified Opinions

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinions" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities and the General Fund of the Picture Rocks Fire District, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Debt Service Fund of the Picture Rocks Fire District, as of June 30, 2013, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1, the Fire District implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, for the year ended June 30, 2013, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12 and budgetary comparison information on pages 40 and 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fire District's basic financial statements. The Other Supplementary Information, as listed in the table of contents, is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2013, on our consideration of Picture Rocks Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Picture Rocks Fire District's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

December 31, 2013

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MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

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**PICTURE ROCKS FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

As management of the Picture Rocks Fire District (Fire District), we offer readers of the Fire District's financial statements this narrative overview and analysis of the financial activities of the Fire District for the fiscal year ended June 30, 2013.

NATURE OF OPERATIONS

The Picture Rocks Fire District provides fire, ambulance, and paramedic services to homes, property and persons residing within the Fire District's boundaries, as well as services to locations and persons outside the Fire District through mutual aid agreements and contracts.

A five member Board whose members are elected to their offices in an at-large election governs the Fire District. The Board Members serve staggered terms of four years. The Fire District employs a Fire Chief who serves as the Chief Administrative Officer of the Fire District. The Picture Rocks Fire District provides a wide array of services to the residents and visitors of the Fire District.

Those services include fire suppression and advanced life support ambulance transport service. Other services provided include fire and general safety public education, fire prevention inspectional services, both in-house and civilian training programs, special rescue services, and desert pest relocation. The Fire District maintains both automatic and mutual aid agreements with our regional fire service organizations.

The Fire District operates from one fire station. The Fire District employs 19 career and approximately 27 part-time personnel.

FINANCIAL HIGHLIGHTS

- The Fire District's total net position of governmental activities increased \$93,668 which represents an 8 percent increase from the prior fiscal year due the Fire District's effort to reduce expenses throughout the year.
- General revenues accounted for \$1.8 million in revenue, or 74 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$621,224 or 26 percent of total current fiscal year revenues.
- The Fire District had approximately \$2.3 million in expenses related to governmental activities, a decrease of \$428,002 from the prior fiscal year due to efforts by the Fire District to cut costs.

**PICTURE ROCKS FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

FINANCIAL HIGHLIGHTS (Concl'd)

- The General Fund had \$2.1 million in current fiscal year revenues, which primarily consisted of property taxes and charges for services, and \$2.1 million in expenditures. The General Fund's fund balance decreased from \$302,193 at the prior fiscal year end to \$285,480 at the end of the current fiscal year as it utilized available fund balance to cover operating costs.
- The Debt Service Fund had \$266,233 in current fiscal year revenues, which primarily consisted of property taxes, and \$209,211 in expenditures. The Debt Service Fund's fund balance increased from \$151,482 at the prior fiscal year end, to \$208,504 at the end of the current fiscal year.

RESULTS OF OPERATIONS

There were a number of significant accomplishments during the 2013 fiscal year. They included:

- Ran a total of 1,131 calls
- Fire calls numbered 354
- Emergency Medical Service calls numbered 777
- Teach CPR to area resident during the year

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Fire District's basic financial statements. The Fire District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Fire District's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used for the government-wide financial statements.

The statement of net position presents information on all of the Fire District's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Fire District is improving or deteriorating.

**PICTURE ROCKS FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

The Fire District adopts an annual appropriated budget for its General Fund and the Debt Service Fund. A budgetary comparison statement for the General Fund has been provided as part of the supplementary information following the basic financial statements to demonstrate compliance with the budget.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fire District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Fire District are governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting and focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Fire District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Fire District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General and Debt Service Funds, both of which are considered to be major funds. The Fire District does not have any non-major governmental funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Fire District's budget process. The Fire District adopts an annual expenditure budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund as required supplementary information.

**PICTURE ROCKS FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Fire District, assets exceeded liabilities by \$1.3 million at the current fiscal year end.

A portion of the Fire District's net position reflects its investment in capital assets (e.g., land, buildings, vehicles, and equipment), less any related outstanding debt used to acquire those assets. The Fire District uses these capital assets to provide services; consequently, these assets are not available for future spending. Although the Fire District's investment in its capital assets is reported net of related outstanding debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table presents a summary of the Fire District's net position for the fiscal years ended June 30, 2013 and June 30, 2012.

	As of June 30, 2013	As of June 30, 2012 (as restated)
Current assets	\$ 951,840	\$ 825,749
Capital assets, net	3,153,451	3,285,730
Total assets	<u>4,105,291</u>	<u>4,111,479</u>
Current liabilities	120,334	33,393
Long-term liabilities	2,716,089	2,902,886
Total liabilities	<u>2,836,423</u>	<u>2,936,279</u>
Net position:		
Net investment in capital assets	506,640	462,470
Restricted	223,953	296,903
Unrestricted	538,275	415,827
Total net position	<u>\$ 1,268,868</u>	<u>\$ 1,175,200</u>

At the end of the current fiscal year the Fire District reported positive balances in all three categories of net position. The same situation held true for the prior fiscal year.

The Fire District's financial position is the product of several financial transactions including the net result of activities, the payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant current year transactions that had an impact on the Statement of Net Position.

**PICTURE ROCKS FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

- The increase to accumulated depreciation of \$169,014 related to current year depreciation expense.
- The principal retirement of \$87,000 of bonds payable and \$89,449 in capital leases payable.

Changes in net position. The Fire District's total revenues for the current fiscal year were \$2.4 million. The total cost of all programs and services was \$2.3 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2013 and June 30, 2012.

	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2012 (as restated)
Revenues:		
Program revenues:		
Charges for services	\$ 573,456	\$ 744,153
Operating grants and contributions	11,033	69,923
Capital grants and contributions	36,735	
General revenues:		
Property taxes, levied for general purposes	1,175,964	1,394,994
Property taxes, levied for debt purposes	256,279	278,166
Fire district assistance taxes	236,131	253,909
Investment income	3,196	3,058
Miscellaneous	100,699	55,515
Total revenues	<u>2,393,493</u>	<u>2,799,718</u>
Expenses:		
Public safety	2,101,569	2,571,180
Administration	42,962	
Interest on long-term debt	155,294	156,647
Total expenses	<u>2,299,825</u>	<u>2,727,827</u>
Changes in net position	93,668	71,891
Net position, beginning, as restated	1,175,200	1,103,309
Net position, ending	<u>\$ 1,268,868</u>	<u>\$ 1,175,200</u>

- The cost of all governmental activities this year was \$2.3 million.
- Property taxes and fire district assistance taxes (county aid) provided funding of \$1.4 million and \$236,131, respectively.
- Ambulance revenues and other charges for services provided funding of \$573,456.

**PICTURE ROCKS FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

FINANCIAL ANALYSIS OF THE FIRE DISTRICT'S FUNDS

As noted earlier, the Fire District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Fire District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Fire District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Fire District's net resources available for spending at the end of the fiscal year.

The financial performance of the Fire District as a whole is reflected in its governmental funds. As the Fire District completed the year, its governmental funds reported a combined fund balance of \$493,984, an increase of \$40,309.

The General Fund is the principal operating fund of the Fire District. The General Fund's fund balance decreased from \$302,193 to \$285,480 as of fiscal year end. General Fund revenues decreased \$440,872 and General Fund expenditures decreased \$721,750, both due to decreased activity.

BUDGETARY HIGHLIGHTS

Over the course of the year, the Fire District maintained the original adopted General Fund annual expenditure and revenue budgets. No revisions have been made.

A schedule showing the original and final budget amounts compared to the Fire District's actual financial activity for the General Fund is provided in this report as required supplementary information. The unfavorable variance of \$1.4 million in intergovernmental revenue and the favorable variance of \$1.9 million in public safety expenditures was a result of an anticipated public safety grant that was ultimately not approved.

**PICTURE ROCKS FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the Fire District had invested \$4.5 million in capital assets, including land, buildings, equipment, and vehicles. Total depreciation expense for the current fiscal year was \$169,014.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2013 and June 30, 2012.

	As of <u>June 30, 2013</u>	As of <u>June 30, 2012</u>
Capital assets – non-depreciable	\$ 427,700	\$ 427,700
Capital assets – depreciable, net	2,725,751	2,858,030
Total	<u>\$ 3,153,451</u>	<u>\$ 3,285,730</u>

Additional information on the Fire District's capital assets can be found in Note 5.

Debt Administration. At year end, the Fire District had \$2.6 million in long-term debt outstanding, \$186,018 due within one year.

State statutes currently limit the amount of general obligation debt a Fire District may issue to 6 percent of the secondary assessed valuation. The current debt limitation for the Fire District is \$2.3 million. During the current fiscal year 70 percent of the Fire District's actual revenues were derived from real property and fire district assistance taxes.

Additional information on the Fire District's long-term debt can be found in Notes 6 through 8.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the Fire District's administration during the process of developing the fiscal year 2013-14 budget. Among them was declining assessed values which continued for the third straight year, and the declining reimbursement revenue for emergency medical service transportation.

Also considered in the development of the budget is the local economy and inflation of the surrounding area.

Budgeted expenditures in the General Fund decreased 37 percent to \$2.5 million in fiscal year 2013-14. Reduced spending in grant related projects is the primary reason for the decrease. Property taxes are expected to be the primary funding sources. No new programs were added to the 2013-14 budget.

**PICTURE ROCKS FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

CONTACTING THE FIRE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Fire District's finances and to demonstrate the Fire District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Administration Center, Picture Rocks Fire District, 12121 W. Picture Rocks Road, Tucson, Arizona 85743.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**PICTURE ROCKS FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013**

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 468,449
Property taxes receivable	120,689
Accounts receivable	314,079
Intergovernmental receivable	48,623
Total current assets	<u>951,840</u>
Noncurrent assets:	
Capital assets, non-depreciable	427,700
Capital assets, depreciable (net)	<u>2,725,751</u>
Total noncurrent assets	<u>3,153,451</u>
Total assets	<u>4,105,291</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	74,771
Accrued payroll and employee benefits	45,563
Compensated absences payable	15,000
Bonds payable	92,000
Lease payable	<u>94,018</u>
Total current liabilities	<u>321,352</u>
Noncurrent liabilities:	
Compensated absences	54,278
Bonds payable	1,984,000
Lease payable	<u>476,793</u>
Total noncurrent liabilities	<u>2,515,071</u>
Total liabilities	<u>2,836,423</u>
<u>NET POSITION</u>	
Net investment in capital assets	506,640
Restricted for:	
Debt service	223,953
Unrestricted	<u>538,275</u>
Total net position	<u>\$ 1,268,868</u>

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The notes to the basic financial statements are an integral part of this statement.

**PICTURE ROCKS FIRE DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Public safety	\$ 2,101,569	\$ 573,456	\$ 11,033	\$ 36,735	\$ (1,480,345)
Administration	42,962				(42,962)
Interest on long-term debt	155,294				(155,294)
Total governmental activities	<u>\$ 2,299,825</u>	<u>\$ 573,456</u>	<u>\$ 11,033</u>	<u>\$ 36,735</u>	<u>(1,678,601)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	1,175,964
Property taxes, levied for debt purposes	256,279
Fire district assistance taxes	236,131
Investment income	3,196
Miscellaneous	100,699
Total general revenues	<u>1,772,269</u>

Changes in net position	93,668
Net position, beginning of year, as restated	<u>1,175,200</u>
Net position, end of year	<u>\$ 1,268,868</u>

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The notes to the basic financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

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**PICTURE ROCKS FIRE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and investments	\$ 265,899	\$ 202,550	\$ 468,449
Property taxes receivable	99,286	21,403	120,689
Accounts receivable	314,079		314,079
Intergovernmental receivable	48,623		48,623
Total assets	<u><u>\$ 727,887</u></u>	<u><u>\$ 223,953</u></u>	<u><u>\$ 951,840</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 74,771	\$	\$ 74,771
Accrued payroll and employee benefits	45,563		45,563
Deferred revenue	322,073	15,449	337,522
Total liabilities	<u>442,407</u>	<u>15,449</u>	<u>457,856</u>
Fund balances:			
Restricted		208,504	208,504
Unassigned	285,480		285,480
Total fund balances	<u>285,480</u>	<u>208,504</u>	<u>493,984</u>
Total liabilities and fund balances	<u><u>\$ 727,887</u></u>	<u><u>\$ 223,953</u></u>	<u><u>\$ 951,840</u></u>

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The notes to the basic financial statements are an integral part of this statement.

**PICTURE ROCKS FIRE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013**

Total governmental fund balances	\$	493,984
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Amounts reported for *governmental activities* in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 4,491,550	
Less accumulated depreciation	<u>(1,338,099)</u>	3,153,451

Some revenues will not be available to pay for current period expenditures and, therefore, are deferred in the funds.

Property taxes	86,812	
Ambulance service charges	<u>250,710</u>	337,522

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences payable	(69,278)	
Obligations under capital leases	(570,811)	
Bonds payable	<u>(2,076,000)</u>	<u>(2,716,089)</u>

Net position of governmental activities	\$	<u>1,268,868</u>
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PICTURE ROCKS FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	<u>General Fund</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues:			
Property taxes	\$ 1,237,461	\$ 263,330	\$ 1,500,791
Fire district assistance taxes	236,131		236,131
Intergovernmental	47,768		47,768
Charges for services	486,461		486,461
Investment income	293	2,903	3,196
Miscellaneous	100,699		100,699
Total revenues	<u>2,108,813</u>	<u>266,233</u>	<u>2,375,046</u>
Expenditures:			
Current -			
Public safety	1,943,264		1,943,264
Administration	22,995		22,995
Capital outlay	36,735		36,735
Debt service -			
Principal retirement	89,449	87,000	176,449
Interest and fiscal charges	33,083	122,211	155,294
Total expenditures	<u>2,125,526</u>	<u>209,211</u>	<u>2,334,737</u>
Changes in fund balances	<u>(16,713)</u>	<u>57,022</u>	<u>40,309</u>
Fund balances, beginning of year, as restated	302,193	151,482	453,675
Fund balances, end of year	<u>\$ 285,480</u>	<u>\$ 208,504</u>	<u>\$ 493,984</u>

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The notes to the basic financial statements are an integral part of this statement.

PICTURE ROCKS FIRE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

Net changes in fund balances - total governmental funds \$ 40,309

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	\$ 36,735	
Less current year depreciation	<u>(169,014)</u>	(132,279)

Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(68,548)	
Ambulance service charges	<u>86,995</u>	18,447

Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Capital lease principal retirement	89,449	
Bond principal retirement	<u>87,000</u>	176,449

Expenses for compensated absences in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(9,258)

Change in net position in governmental activities \$ 93,668

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The notes to the basic financial statements are an integral part of this statement.

**PICTURE ROCKS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Picture Rocks Fire District (Fire District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2013, the Fire District implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 establishes reporting guidance for certain elements of the financial statements which are distinct from assets and liabilities.

The more significant of the Fire District's accounting policies are described below.

A. Reporting Entity

The Governing Board is organized under Statute Title 48 of the Arizona Revised Statutes (A.R.S.). Management of the Fire District is independent of other state or local governments. The County Treasurer collects taxes for the Fire District, but exercises no control over its expenditures/expenses.

The power and authority given to the Fire District is vested in a Governing Board, each member being elected for a four-year term. The Governing Board has the statutory authority to adopt and modify the budget; levy taxes; control all assets, including facilities and properties; authorize borrowing, or long-term debt issuances; sign contracts, and develop the programs to be provided. The responsibility and accountability over all funds and fiscal matters are vested in the Governing Board. The Fire District is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit from nor imposes a financial burden on the Fire District.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The Fire District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the Fire District for financial statement presentation purposes, and the Fire District is not included in any other governmental reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the Fire District as a whole. The reported information includes all of the nonfiduciary activities of the Fire District. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the Fire District.

**PICTURE ROCKS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Fire District does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Fire District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service resources are provided during the current year for payment of long-term debt principal and interest due early in the following year (not to exceed one month) and, therefore, the expenditures and related liabilities have been recognized. Compensated absences are recorded only when payment is due.

**PICTURE ROCKS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property taxes, charges for services, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Deferred revenues arise when resources are received by the Fire District before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Delinquent property taxes and other receivables that will not be collected within the available period have been reported as deferred revenue on the governmental fund financial statements.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The Fire District currently only has major funds.

The Fire District reports the following major governmental funds:

General Fund – The General Fund is the Fire District's primary operating fund. It accounts for all resources used to finance Fire District maintenance and operation except those required to be accounted for in other funds.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

D. Cash and Investments

A.R.S. require the Fire District to deposit certain cash with the Pima County Treasurer's Investment Pool. Interest earned from investments purchased with pooled monies is allocated to each of the Fire District's funds based on their average balances. Fair value of the investments in the pool is the same as the value of the pool shares. All investments are stated at fair value.

E. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments. Investment income is included in other local revenue in the fund financial statements.

**PICTURE ROCKS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund balances between governmental funds are eliminated on the Statement of Net Position.

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

G. Property Tax Calendar

Property tax levies are obtained by applying tax rates against either the primary assessed valuation or the secondary assessed valuation. Primary and secondary valuation categories are composed of the exact same properties. However, the primary category limits the increase in property values to 10% from the previous year, while there is no limit to the increase in property values for secondary valuation. Override and debt service tax rates are applied to the secondary assessed valuation and all other tax rates are applied to the primary assessed valuation.

The County levies real property taxes on or before the third Monday in August, which become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

The County also levies various personal property taxes during the year, which are due the second Monday of the month following receipt of the tax notice, and become delinquent 30 days thereafter.

Pursuant to A.R.S., a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenses when consumed in the government-wide financial statements and as expenditures when purchased in the fund financial statements.

**PICTURE ROCKS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

I. Capital Assets

Capital assets, land; buildings and improvements; equipment; communications; and vehicles and apparatus, are reported in the government-wide financial statements.

Capital assets are defined by the Fire District as assets with an initial, individual cost in excess of \$2,500 and an estimated useful life of more than one year. Such assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	28 – 40 years
Equipment	5 – 7 years
Fire trucks	10 years
Automobiles	5 years
Office equipment	5 years

J. Compensated Absences

The Fire District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay in varying amounts. Only benefits considered vested are recognized in the financial statements. The liability for vacation and sick leave is reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for compensated absences.

K. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts, as well as issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight-line method over the term of the related debt.

**PICTURE ROCKS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses in governmental funds.

M. Net Position Flow Assumption

In the government-wide financial statements the Fire District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

N. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications. Currently, the Fire District only reports restricted and unassigned; however, all of the classifications are described below.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

**PICTURE ROCKS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Fire District does not have a formal policy or procedures for the utilization of assigned fund balance, accordingly, no committed fund balance amounts are reported.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the Fire District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Governing Board or a management official delegated that authority by the formal Governing Board action. The Fire District does not have a formal policy or procedures for the utilization of assigned fund balance, accordingly, no assigned fund balance amounts are reported.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Fire District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

PICTURE ROCKS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 3 – CASH AND INVESTMENTS

A.R.S. authorize the Fire District to invest public monies in the State Treasurer's local government investment pools, the County Treasurer's investment pool, obligations of the U.S. Government and its agencies, obligations of the State and certain local government subdivisions, interest-bearing savings accounts and certificates of deposit, collateralized repurchase agreements, certain obligations of U.S. corporations, and certain other securities. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the Fire District's investments.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the Fire District's deposits may not be returned to the Fire District. The Fire District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the Fire District's deposits was \$25,503 and the bank balance was \$38,974.

The County Treasurer's pool is an external investment pool with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The fair value of each participant's position in the County Treasurer investment pool approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments.

At year end, the Fire District's investments consisted of the following.

	<u>Average Maturities</u>	<u>Fair Value</u>
County Treasurer's investment pool	248 days	\$ 442,946
Total		<u>\$ 442,946</u>

Interest Rate Risk. The Fire District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The Fire District has no investment policy that would further limit its investment choices. As year end, the Fire District's investment in the County Treasurer's investment pool did not receive a credit quality rating from a national rating agency.

Custodial Credit Risk - Investments. The Fire District's investment in the County Treasurer's investment pool represents a proportionate interest in the pool's portfolio; however, the Fire District's portion is not identified with specific investments and is not subject to custodial credit risk.

PICTURE ROCKS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – RECEIVABLES

Intergovernmental receivables of \$48,623 in the General Fund were net of allowances for uncollectibles and consisted entirely of amounts due from the State.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows.

	Unavailable
Delinquent property taxes receivable (General Fund)	\$ 71,363
Delinquent property taxes receivable (Debt Service Fund)	15,449
Ambulance service charges receivable (General Fund)	250,710
Total deferred revenue for governmental funds	<u>\$ 337,522</u>

NOTE 5 – CAPITAL ASSETS

A summary of capital asset activity for the current fiscal year follows.

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 427,700	\$	\$	\$ 427,700
Total capital assets, not being depreciated	<u>427,700</u>			<u>427,700</u>
Capital assets, being depreciated:				
Buildings and improvements	2,687,237			2,687,237
Equipment – administrative	116,077			116,077
Equipment – fire	143,761	36,735	8,400	172,096
Vehicles	1,247,396		158,956	1,088,440
Total assets, being depreciated	<u>4,194,471</u>	<u>36,735</u>	<u>167,356</u>	<u>4,063,850</u>
Less accumulated depreciation for:				
Buildings and improvements	(272,596)	(67,043)		(339,639)
Equipment – administrative	(102,811)	(6,369)		(109,180)
Equipment – fire	(93,103)	(16,640)	(8,400)	(101,343)
Vehicles	(867,931)	(78,962)	(158,956)	(787,937)
Total accumulated depreciation	<u>(1,336,441)</u>	<u>(169,014)</u>	<u>(167,356)</u>	<u>(1,338,099)</u>
Total capital assets, being depreciated, net	<u>2,858,030</u>	<u>(132,279)</u>		<u>2,725,751</u>
Governmental activities capital assets, net	<u>\$ 3,285,730</u>	<u>\$(132,279)</u>	<u>\$</u>	<u>\$ 3,153,451</u>

Depreciation expense of \$157,958 and \$11,056 were charged to the public safety and administration governmental functions, respectively.

**PICTURE ROCKS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 6 – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at year end consisted of the following outstanding general obligation bonds. Property taxes from the Debt Service Fund are used to pay bonded debt.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2013	Due Within One Year
Governmental activities:					
GO, Series 2008	\$2,485,000	5.65	7/1/14-7/1/28	\$ 2,076,000	\$ 92,000
Total				<u>\$ 2,076,000</u>	<u>\$ 92,000</u>

Annual debt service requirements to maturity on general obligation bonds at year end are summarized as follows.

		Governmental Activities	
Year ending June 30:		Principal	Interest
	2014	\$ 92,000	\$ 117,294
	2015	97,000	112,096
	2016	102,000	106,616
	2017	108,000	100,852
	2018	114,000	94,750
	2019-23	674,000	369,624
	2024-28	889,000	156,168
Total		<u>\$ 2,076,000</u>	<u>\$ 1,057,400</u>

NOTE 7 – OBLIGATIONS UNDER LEASES

Capital Leases – The Fire District has acquired land, building improvements, and vehicles under the provisions of long-term lease agreements classified as capital leases. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Revenues from the General Fund are used to pay the capital lease obligations.

The assets acquired through capital leases that meet the Fire District's capitalization threshold are as follows.

	Governmental Activities
Asset:	
Land	\$ 419,700
Building improvements	250,000
Vehicles	162,732
Less: accumulated depreciation	46,393
Total	<u>\$ 786,039</u>

PICTURE ROCKS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – OBLIGATIONS UNDER LEASES (Concl'd)

The future minimum lease obligations and the net present value of these minimum lease payments at year end were as follows.

Year Ending June 30:	Governmental Activities
2014	\$ 119,440
2015	119,440
2016	119,440
2017	33,682
2018	33,682
2019-23	168,410
2024-27	126,307
Total minimum lease payments	720,401
Less: amount representing interest	149,590
Present value of minimum lease payments	\$ 570,811
Due within one year	\$ 94,018

Operating Leases – The Fire District leases copiers under the provisions of a long-term lease agreement classified as an operating lease for accounting purposes. Rental expenditures under the terms of the operating lease totaled \$3,045 for the current fiscal year. The operating lease has a remaining noncancelable lease term of one year. At June 30, 2013, the future minimum rental payment required under the operating lease was \$1,404.

NOTE 8 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 2,163,000	\$	\$ 87,000	\$ 2,076,000	\$ 92,000
Obligations under capital leases	660,260		89,449	570,811	94,018
Compensated absences payable	79,626	82,555	92,903	69,278	15,000
Governmental activity long-term liabilities	\$ 2,902,886	\$ 82,555	\$ 269,352	\$ 2,716,089	\$ 201,018

**PICTURE ROCKS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 9 – PRIOR PERIOD ADJUSTMENTS

The July 1, 2012, government-wide net position and the fund balances of the General and Debt Service Funds do not agree to the prior year financial statements due to the correction of prior year errors related to revenue recognition and debt principal and interest payments.

		Governmental Funds	
	Statement of Activities	General Fund	Debt Service Fund
Net position/fund balance, June 30, 2012, as previously reported	\$ 1,083,261	\$ 465,908	\$ 296,903
Correction of property tax revenue recognition	155,360		
Correction of ambulance service revenue recognition		(163,715)	
Correction of principal payments			(82,000)
Correction of interest payments	(63,421)		(63,421)
Net position/fund balance, July 1, 2012, as restated	<u>\$ 1,175,200</u>	<u>\$ 302,193</u>	<u>\$ 151,482</u>

NOTE 10 – RISK MANAGEMENT

The Fire District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Fire District carries commercial insurance for all risks of loss, including property and liability, workers' compensation, and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Plan Descriptions – The Fire District contributes to the two plans described below. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits.

The *Arizona State Retirement System* (ASRS) administers a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined health insurance premium plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions and school districts. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

**PICTURE ROCKS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 11 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)

The *Public Safety Personnel Retirement System* (PSPRS) administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a seven-member Board of Trustees and local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by writing or calling the applicable plan. The reports are also available on their websites at www.azasrs.gov and www.psprs.com.

ASRS

P. O. Box 33910
Phoenix, AZ 85067-3910
(602) 240-2200 or (800) 621-3778

PSPRS

3010 E. Camelback Road Suite 200
Phoenix, AZ 85016
(602) 255-5575

Funding policy – The Arizona State Legislature establishes and may amend active plan members' and the Fire District's contribution rates.

Cost-sharing plan – The Arizona State Legislature establishes and may amend active plan members' and the Fire District's contribution rates. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.14 percent (10.90 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll and the Fire District was required by statute to contribute at the actuarially determined rate of 11.14 percent (10.25 percent for retirement, 0.65 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll.

The Fire District's contributions for the current and preceding two years, all of which were equal to the required contributions, were as follows.

		Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
Year ending June 30:				
2013	\$	6,138	\$ 389	144
2012		6,545	418	159
2011		5,741	376	159

**PICTURE ROCKS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 11 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)

Agent plan – For the year ended June 30, 2013, active PSPRS members were required by statute to contribute 9.55 percent of the members' annual covered payroll, and the Fire District was required to contribute at the actuarially determined rate of 13.14 percent.

Actuarial methods and assumptions – The contribution requirements for the year ended June 30, 2013 were established by the June 30, 2011 actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. The required schedule of funding programs which follows provides multi-year trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial valuation date	June 30, 2011
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	8.25%
Projected salary increases	5.0% - 8.0%
Payroll growth	5.0%
Amortization method	Level percent-of-pay closed
Remaining amortization period	25 years for underfunded
Asset valuation method	7-year smoothed market

Trend Information – Information for the agent plan as of most recent actuarial valuations follows.

Pension

Year Ended <u>June 30,</u>	Annual Pension <u>Cost (APC)</u>	Annual Required <u>Contribution (ARC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
2013	\$ 82,925	\$ 82,925	100%	-0-
2012	109,094	109,094	100%	-0-
2011	99,733	99,733	100%	-0-

Health

Year Ended <u>June 30,</u>	Annual Pension <u>Cost (APC)</u>	Annual Required <u>Contribution (ARC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
2013	\$ 10,606	\$ 10,606	100%	-0-
2012	16,511	16,511	100%	-0-
2011	15,834	15,834	100%	-0-

**PICTURE ROCKS FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 11 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Concl'd)

Funding Progress – An analysis of funding progress for each of the agent plans as of June 30, 2013 follows.

Pension

Valuation Date June 30,	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded Liability (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage of Covered Payroll ([a-b]/c)
2013	\$3,801,203	\$4,263,415	\$462,212	89.2%	\$ 856,591	54.0%
2012	3,569,152	3,976,697	407,545	89.8%	1,080,059	37.7%
2011	3,446,819	3,440,978	(5,841)	100.2%	645,625	(0.9)%

Health

Valuation Date June 30,	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funded Liability (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage of Covered Payroll ([a-b]/c)
2013	- 0 -	\$121,268	\$121,268	0.0%	\$ 856,591	14.16%
2012	- 0 -	142,189	142,189	0.0%	1,080,059	13.16%
2011	- 0 -	117,586	117,586	0.0%	645,625	18.21%

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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
(Required Supplementary Information)**

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**PICTURE ROCKS FIRE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Property taxes	\$ 1,211,001	\$ 1,237,461	\$ 26,460
Fire district assistance taxes	242,200	236,131	(6,069)
Intergovernmental	1,474,500	47,768	(1,426,732)
Charges for services	548,700	486,461	(62,239)
Investment income	1,250	293	(957)
Miscellaneous	68,450	100,699	32,249
Total revenues	<u>3,546,101</u>	<u>2,108,813</u>	<u>(1,437,288)</u>
Expenditures:			
Current -			
Public safety	3,796,795	1,943,264	1,853,531
Administration	39,729	22,995	16,734
Capital outlay		36,735	(36,735)
Debt service -			
Principal retirement	89,449	89,449	
Interest and fiscal charges	32,991	33,083	(92)
Total expenditures	<u>3,958,964</u>	<u>2,125,526</u>	<u>1,833,438</u>
Changes in fund balances	<u>(412,863)</u>	<u>(16,713)</u>	<u>396,150</u>
Fund balances, beginning of year, as restated		302,193	302,193
Fund balances (deficits), end of year	<u>\$ (412,863)</u>	<u>\$ 285,480</u>	<u>\$ 698,343</u>

See accompanying notes to this schedule.

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**PICTURE ROCKS FIRE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013**

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The adopted budget of the Fire District is prepared on a basis of accounting consistent with accounting principles generally accepted in the United States of America.

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**PICTURE ROCKS FIRE DISTRICT
FINANCIAL STATEMENTS
AND REPORT ON INTERNAL CONTROL
AND ON COMPLIANCE
FOR THE YEAR ENDED JUNE 30, 2013**

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PICTURE ROCKS FIRE DISTRICT

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OTHER SUPPLEMENTARY INFORMATION

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**PICTURE ROCKS FIRE DISTRICT
ANNUAL REPORT INFORMATION
JUNE 30, 2013**

Regular Fire Board Meetings:

Date	Time	Location
July 19, 2012	6:30 pm	12121 W Picture Rocks Road, Tucson, AZ 85743
August 16, 2012	6:30 pm	12121 W Picture Rocks Road, Tucson, AZ 85743
September 20, 2012	6:30 pm	12121 W Picture Rocks Road, Tucson, AZ 85743
October 18, 2012	6:30 pm	12121 W Picture Rocks Road, Tucson, AZ 85743
November 15, 2012	6:30 pm	12121 W Picture Rocks Road, Tucson, AZ 85743
December 20, 2012	6:30 pm	12121 W Picture Rocks Road, Tucson, AZ 85743
January 21, 2013	6:30 pm	12121 W Picture Rocks Road, Tucson, AZ 85743
February 12, 2013	6:30 pm	12121 W Picture Rocks Road, Tucson, AZ 85743
March 18, 2013	6:30 pm	12121 W Picture Rocks Road, Tucson, AZ 85743
April 15, 2013	6:30 pm	12121 W Picture Rocks Road, Tucson, AZ 85743
May 20, 2013	6:30 pm	12121 W Picture Rocks Road, Tucson, AZ 85743
June 17, 2013	6:30 pm	12121 W Picture Rocks Road, Tucson, AZ 85743

2012-2013 Board Members:

<u>Name</u>	<u>Phone Number</u>	<u>Occupation</u>
George R. James	520-682-7878	Retired
Peggy McCool	520-682-7878	Retired
David Seese	520-682-7878	Construction Foreman
Ernie Robles	520-682-7878	Retired
Mike Balta	520-682-7878	EMS Coordinator Rural Metro

Location of Posting of Meeting Notices (all meetings):

Picture Rocks Fire District Admin Offices	12121 W. Picture Rocks Road	Tucson, AZ
Minit Market	6777 N. Sandario Road	Tucson, AZ
Picture Rocks Hardware Store	6315 N. Sandario Road	Tucson, AZ

Legal Description of Boundary Changes:

None

**REPORT ON INTERNAL CONTROL
AND ON COMPLIANCE**

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CPAs and Business Consultants

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Tucson, Arizona 85704
Tel (520) 742-2611
Fax (520) 742-2718

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

Governing Board
Picture Rocks Fire District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Picture Rocks Fire District (Fire District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Picture Rocks Fire District's basic financial statements, and have issued our report thereon dated December 31, 2013. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statement No. 63.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Picture Rocks Fire District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Picture Rocks Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of Picture Rocks Fire District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Fire District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2013-1 and 2013-2 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2013-3 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Picture Rocks Fire District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Picture Rocks Fire District's Response to Findings

Picture Rocks Fire District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Picture Rocks Fire District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Fire District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fire District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

December 31, 2013

**PICTURE ROCKS FIRE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Reference Number: 2013-1

Type of Finding: Material weakness

Description: Internal Controls over Ambulance Service Receivables

CRITERIA

The Fire District is responsible for implementing and maintaining a system of effective internal controls over accounts receivable for ambulance service.

CONDITION/CONTEXT

We noted the following during our audit of the ambulance services receivables and activity:

- Ambulance billings were not processed in a timely manner during the fiscal year. We noted 63 billings (which amounted to \$68,056) related to services performed during the year which were not processed within a month of year end.
- The Fire District recorded \$165,176 of previously billed payments as revenue as opposed to decreases in accounts receivable. The Fire District was unable to determine the applicable patient accounts to credit for these payments.
- We noted clerical errors involving the service dates in six of 25 patient billings reviewed.

EFFECT

The ambulance service accounts receivable ledger maintained in the accounting system may not be valid. As a result, the accounts receivable balance and related revenues for ambulance services may not be correctly stated in the financial statements. Qualified opinions were issued on the Fire District's financial statements due to the auditor's inability to sufficiently complete the audit objects necessary to render an opinion on the ambulance service accounts receivable and related revenues.

CAUSE

- A lack of defined policies and procedures over the Fire District's billing and collection of ambulance service fees.
- No formal accounting policy or procedures governing the recognition and write-off of delinquent customer accounts.
- Employee turnover during the fiscal year.

**PICTURE ROCKS FIRE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd)**

Reference Number: 2013-1

RECOMMENDATION

We recommend the following to improve internal controls and processes related to ambulance service accounts receivable.

- The Fire District should consider the adoption of a formal accounting policy and procedures for the billing and collection of ambulance service fees, as well as processes that ensure proper revenue recognition and disposition and write-offs of delinquent patient accounts.
- The Fire District should review the aged receivable balance in the accounting system to assess ambulance patient accounts for validity. Invalid or uncollectible accounts should be written off.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Picture Rocks Fire District implemented through Board action an Ambulance Billing and Collection Policy in fiscal year 2013-14.

Picture Rocks Fire District is in the process of adding to that above stated policy a directive that addresses account disposition, uncollectable accounts, and write-offs.

On a monthly basis, the District medical billing department will prepare out of QuickBooks an internal billing report indicating the accounts established in the system and will consist of the following:

- Billed Charges
- Credits and Payments
- Medicare/AHCCCS Adjustments
- Receivable Aging

**PICTURE ROCKS FIRE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (Cont'd)**

Reference Number: 2013-2

Type of Finding: Material weakness

Description: Internal Controls over Capital Asset Reporting

CRITERIA

The Fire District is responsible for implementing and maintaining a system of effective internal controls over capital asset reporting.

CONDITION/CONTEXT

The Fire District did not prepare a capital asset schedule for the current fiscal year. As a result the accounting records were not initially updated for current fiscal year capital asset activity.

EFFECT

Material audit adjustments were necessary to update the schedule for the current fiscal year and correctly state the balances in the financial statements.

CAUSE

The Fire District encountered employee turnover and a lack of time and resources. In addition, the Fire District relied on the predecessor auditor to maintain and update the capital asset schedules on behalf of the Fire District.

RECOMMENDATION

The Fire District should implement controls and provide appropriate resources to ensure the preparation of the capital asset schedule for each fiscal year and ensure the Fire District's general ledger properly captures all capital asset sub ledger balances for financial reporting.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Picture Rocks Fire District is in the process of writing, reviewing and implementing controls over Capital Assets in excess of \$2500.00. The policy will include additions, deletions, and essentially maintaining a current living list of Fire District assets.

**PICTURE ROCKS FIRE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (Concl'd)**

Reference Number: 2013-3

Type of Finding: Significant deficiency

Description: Accounting Policies and Procedures

CRITERIA

The Fire District is responsible for maintaining a defined system of internal control. This includes the implementation and definition of policies and procedures over significant accounting and finance areas.

CONDITION/CONTEXT

The Fire District has not defined policies and procedures as of fiscal year end related to the following accounting and finance areas:

- Billing and collection of charges for services
- Employee payroll accounting and recordkeeping
- Capital asset recordkeeping and reporting
- Debt recordkeeping and reporting

EFFECT

A lack of defined policies and procedures over significant accounting and finance areas may lead to errors and inconsistencies in business office operations and financial reporting.

CAUSE

The Fire District encountered employee turnover during the fiscal year in addition to a general lack of time and resources.

RECOMMENDATION

The Fire District should provide appropriate resources to ensure the development and formal adoption of policies and procedures over accounting and finance operations to facilitate consistent practices, and minimize the potential for errors and inconsistencies.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Picture Rocks Fire District is dedicated to creating, reviewing and implementing Accounting Policies and Procedures that are defined respective to billing, collection, payroll, capital assets, and debt recordkeeping. Appropriate resources will be dedicated to making this a priority.

Board Responsibility – Implement annual training that must cover legal, fiduciary, financial, procurement, and ethical responsibilities, and such other topics as may be needed from time to time such as Open Meeting Laws.